

STATE PROPERTIES COMMITTEE MEETING

TUESDAY, FEBRUARY 17, 2009

The meeting of the State Properties Committee was called to order at 10:02 a.m. by Chairman Kevin M. Flynn. Other members present were Richard Woolley representing the Rhode Island Department of Attorney General; John A. Pagliarini, Jr., Public Member; and Xaykham Khamsyvoravong representing the Rhode Island Office of the General Treasurer, Ex-officio Member. Others in attendance were W. Michael Sullivan, Joseph Dias and Lisa Primiano from the Rhode Island Department of Environmental Management; Nancy Hess from the Department of Administration, Division of Statewide Planning; Paul Grennon and Crain Stenning from the Rhode Island Department of Mental Health, Retardation and Hospitals; Colleen Kerr from the Rhode Island Department of Transportation; Kathy Hunt, William Gordon and Jack Padien from the Arc of Blackstone Valley; John Flaherty of Rhode Island State Police; and Russell J. Moore from Beacon Communications;

Chairman Flynn noted for the record that the State Properties Committee did have a quorum present.

A motion to approve the minutes from the meeting held on January 22, 2009, as amended, was made by Mr. Pagliarini and seconded by Mr. Woolley.

Passed Unanimously A motion to approve the regular and executive session minutes from the meeting held on February 3,

2009, by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

ITEM A – Department of Environmental Management – A request was made for approval to appraise, survey, title search and negotiate the acquisition of approximately 82 acres of land located in the City of Warwick; the remaining portion of the property formerly known as Rocky Point Park. Director Sullivan explained that the request before the Committee is the continuation of a long commitment to a historical piece of property. Director Sullivan indicated that after working with Governor Carcieri, the City of Warwick, the Small Business Association and the Courts and myriad others, the Department of Environmental Management was successful in protecting forty-one (41) acres of waterfront property located along Rocky Point. Director Sullivan stated that the Department of Environmental Management has continued to carry on discussions with the Small Business Association with federal delegations concerning the subject property and said discussions have now reached the point of development that the Department feels it is necessary to obtain the permission of the State Properties Committee to allow the Department to maintain a transparency of discussions and to share with the Committee the Department's desire to obtain a formal appraisal and to continue to pursue what may become of the subject property. Director Sullivan indicated that the Department does not have a plan of development for the property at this time; however, it does have a rare opportunity to acquire a tremendous asset. Director Sullivan explained that it will take a profound

partnership of investors to accomplish such an acquisition. Director Sullivan stated that the Department is fully aware that there are problems associated with the subject property. There are a substantial number of electrical transformers, considerable demolition debris from previous activities, a host of technical violations and clear concerns and compromises which must be made relative to the property's value. Director Sullivan stated that the Department is seeking the Committee's approval to appraise, survey, title search and to negotiate and establish a net price for the acquisition of the subject property. Chairman Flynn asked what the substance of the Department's discussions with the City of Warwick. Director Sullivan indicated that he and his staff have maintained an open dialogue with the City of Warwick. Director Sullivan indicated that as the City of Warwick partnered with the Department relative to the initial forty-one (41) acres of land, it is essential to keep the City informed and in partnership with the Department. Mr. Pagliarini asked whether the Department's acquisition of the property would result in pilot money for the City of Warwick. Director Sullivan stated that if the Department of Environmental Management were to be the ultimate owner of the property, he believes it would be reasonable to discuss pilot money. However, if the City of Warwick takes title to this eighty-two (82) acres of land, as it did with the forty (41) acres of land and the Department simply holds a conservation easement, then the Director indicated he would feel differently. Mr. Pagliarini asked if the Department is considering the subject property as a possible location for wind turbines. Director Sullivan stated that because of

the issue of flight path clearance, the subject property is not being considered for wind turbines. Mr. Khamsyvoravong asked if from a financial prospective, the goal of this transaction is to make the parties who originally had an interest in the property whole, or if the intention is to sell the property at fair market value. Director Sullivan explained that that decision will be made by the Court. Dr. Sullivan stated that the Court has a fiduciary responsibility to attempt to make the original parties as whole as possible. However, Director Sullivan stated that if the debt associated with the subject property exceeds its value, the Department and its potential partners should not have to pay more for said property in an effort to rectify any financial disparity. Mr. Pagliarini asked if a State-wide referendum would be necessary in order for the Department of Environmental Management to acquire the subject property. Director Sullivan stated that he is unable to answer that question because the net price and the exact nature of the transaction are not known at this time. Director Sullivan explained that the purpose of today's presentation is to inform the Committee that the Department has taken a lead role in the current discussions and is simply seeking approval to appraise, survey, title search and negotiate to establish a net purchase price. Mr. Khamsyvoravong asked, if from a financial perspective, the intent of the sale of the property is to make whole the parties that initially had an interest in the property, or if the goal is to sell the property at fair market value. Director Sullivan indicated that that decision will be made by the Court. Director Sullivan indicated that the property is in receivership and the Court has a fiduciary responsibility to attempt to

make the original parties as whole as possible. However, Director Sullivan's believes that if the debt associated with the property exceeds the value of the property, the Department and its potential partners should not be obligated to pay an amount in excess of the property's value in order to rectify any financial disparity. A motion was made to approve by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

ITEM B – Department of Environmental Management – A request was made for approval of and signatures on a Purchase and Sale Contract between Brian V. Carpenter and the Department of Environmental Management for the acquisition of 2.24 acres of land located in the Town of Glocester; known as the Carpenter Property. Director Sullivan explained that as you approach the Department's facility in the Town of Glocester, there is a small historical parcel of land, which the Department never acquired. Director Sullivan indicated that the Department learned that the subject property was for sale and although the purchase price is not an insignificant amount of money, this may very well be the only opportunity the Department has to acquire this residual parcel of land. Director Sullivan respectfully requested that Committee grant approval for the Department to complete this acquisition. A motion to approve was made by Mr. Pagliarini and seconded by Mr. Woolley.

Passed Unanimously

ITEM C – Department of Environmental Management – A request was made for approval of and signatures on a Purchase and Sale Contract between the Department of Environmental Management and Patrick T.

Conley for the conveyance of 33,188 square feet of surplus property located on Public Street in the City of Providence. Director Sullivan indicated that the subject property has a long tortured history. Director Sullivan explained that the State has owned the subject property for many years. Over the years, the subject property has served as the site for manufactured gas production as well as a fuel storage site. Director Sullivan indicated that at the peak of the market, the Department was approached by a vendor who was anxious to scrap steel; consequently, the Department made substantive advances to tear down all of the structures on the property, scrap the steel and for a very small amount of money substantially advance the environmental remediation of the subject property. Director Sullivan indicated that with the approval of the State Properties Committee, the Department solicited bids via a request for proposals. The Department selected Mr. Patrick Conley as the successful bidder. Director Sullivan stated that the subject property designated as Lot 325 is not waterfront property. Director Sullivan indicated that the subject property is essentially an island owned by the Department of Environmental Management located in midst of commercial, industrial and waterfront property. Therefore, the Department is seeking the Committee's approval to sell said property, which is excess to the Department's needs. Chairman Flynn asked if the Department has notified the former owners that the subject property is for sale. Ms. Primiano indicated that the subject property was condemned in 1933 from the Aldridge Brothers. The Department attempted to contact the former owners without success as they are

now deceased. The death record has been made a part of the Department's file concerning this surplus property. Ms. Primiano indicated that in accordance with the statute, the Department will notify the City of Providence of the intended sale. If the City is not interested in purchasing the property, the Department would like the approval of the Committee to sell the said property to Patrick Conley. Mr. Woolley asked if the subject property generates any income for the State of Rhode Island. Director Sullivan indicated that the property is not an income generating property. A motion was made to approve by Mr. Pagliarini and seconded by Mr. Woolley.

Passed Unanimously

ITEM D – Department of Environmental Management – A request was made for approval to advertise a request for proposals for wind turbines at various State-owned properties. Director Sullivan indicated that the item before the Committee is the result of a two year process, which began with the Energy Office investigating off shore opportunities for wind turbines. Director Sullivan explained that Governor Carcieri has been very clear in his commitment to see the State of Rhode Island generate twenty (20%) percent or more of its electricity from renewable sources. Director Sullivan explained that in early of stages of this process, it became apparent that if any land-based wind turbines were going to be established, the Department would be the majority landowner of any potentially high yielding properties. Director Sullivan explained that an increasing number of municipalities and organizations are examining the possibility of establishing wind turbines for their individual properties

or facilities. This resulted in the Department receiving a substantial number of inquiries regarding the Department's policies relative to wind turbines as well as questions concerning noise pollution and the potential of any adverse affects on birds and other wildlife. As a result of these inquiries, the Department began an internal spatial assessment of its property and began to develop a coherent set rules relative to wind turbines to address such issues as requirements of their distance from water features, flyways, noise setbacks, side yard setbacks, all zones and ice throw zones. Director Sullivan stated that through that process he came to the conclusion that the Department had a number of sites, which might be of commercial value. Director Sullivan indicated Town of Narragansett was examining its properties for potential sites for the placement of wind turbines. Director Sullivan indicated that due to the configuration of the property on which the Town's sewer treatment facility is located, the placement of a standard seventy (70) meter wind turbine to generate electricity to serve the facility would require the involvement of the Department of Environmental Management because its fall zones would impact State-owned property. Therefore, the Department entered into discussions with the Town of Narragansett, which have resulted in a proposal being brought before the Renewal Fund to erect a met tower to assess the Department's sites in the Town of Narragansett. Ms. Primiano presented a site map of the Camp Cronin property located in the City of Providence. Director Sullivan explained that although the Department of Environmental Management owns the majority of said land, the City of Providence retained a small portion for elderly

and youth summer programs. Director Sullivan stated that Mayor Cicilline has also expressed a serious interest in seeing the City of Providence involved in the generating of electricity from renewable sources and has met with Department staff on a number of occasions to discuss the same. Therefore, Director Sullivan stated that at this time, the Department is seeking the Committee's approval to move forward with a public process to determine how much interest, if any, there is in public/private partnerships for land-based wind turbines. Chairman Flynn noted that part of the process in developing a request for proposals would require working with the municipalities as every town has height limitations as part of its code and he assumes the wind turbines will exceed those limitations. Director Sullivan agreed that the Department will have to work with the municipalities in that regard. Mr. Pagliarini asked the Department's proposal will require the approval of the General Assembly as there are currently no rules or regulations regarding wind turbines. Director Sullivan indicated that he does not believe that the approval of the General Assembly will be required. Mr. Pagliarini asked whether the Department would be exempt from local zoning requirements as the wind turbines would be placed on State-owned property. Director Sullivan indicated that it is his opinion that the Department would be exempt from local zoning ordinances. Mr. Pagliarini noted that in that case, the Department could erect a 200 or 300 foot tower with no local input. Director Sullivan indicated that the Department does not operate in that sort of heavy handed manner; although it will exercise that sovereign immunity as appropriate.

However, the Department will work in collaboration with its local partners to assuage any concern. A motion was made to approve by Mr. Griffith and seconded by Mr. Pagliarini.

Passed Unanimously

ITEM E – Department of Transportation – A request for approval of and signatures on a Quit Claim Deed conveying 33, 317 square feet of land to Meeting Street School. This item was deferred to the March 2, 2009, meeting of the State Properties Committee at the request of the Department of Transportation.

ITEM F – Department of Transportation – A request was made for approval of and signatures on a Deed of Easement between Department of Transportation and

Thomas F. Flaherty & Catherine Flaherty in connection with the Statewide Drainage Improvements 2009 (Contract 3). Ms. Kerr indicated that on February 3, 2009, the State Properties Committee granted the Department's request to present an offer to the above referenced property-owners for a permanent drainage easement by way of a Deed of Easement to prevent hydroplaning from a catch basin onto the waterways through the subject property. The property-owners have agreement to the Department's offer and have executed the necessary documents. Ms. Kerr indicated that the Department is now seeking approval and execution of the Deed of Easement by the State Properties Committee. A motion was made to approve by Mr. Pagliarini and seconded by Mr. Griffith.

Passed Unanimously

ITEM G - Department of Mental Health, Retardation and Hospitals – A

request

was made for conceptual approval to sell State-owned property located at 115 Manton Street in the City of Pawtucket to The Arc of Blackstone Valley. Director Stenning explained that the Department of Mental Health, Retardation and Hospitals currently leases the subject property to the Arc of Blackstone Valley for the sum of \$1.00 with all costs of maintenance being paid by the Department. Director Stenning explained that the Department will convey legal title of the Manton Street property to The Arc of Blackstone Valley. The Arc of Blackstone Valley will proceed to construct a mixed use development consisting of sixty (60) units on the site. The housing units to be constructed will accommodate The Arc of Blackstone Valley consumers, its employees and the general public if approved. The Department will convey title to the subject property for a purchase price of \$100,000; however, this initiative will provide housing for low income elderly and families, and in doing so the State will realize a substantial savings as it will not have to pay for general repairs, yearly operating costs or for fire code repairs, which are necessary in order to bring the facility into compliance with the current fire code. Said repair costs will be absorbed into the renovation costs for the new housing initiative. Director Stenning also indicated that this as part of this initiative, the State of Rhode Island will also avoid the cost of upgrading two (2) group homes, which will be sold under this initiative. Director Stenning also indicated the sale of these group homes will be another means of generating income for the State during the current budget crisis. Director Stenning explained that a

portion of the funding for this project is dependent upon a section 202 grant, which is a competitive grant and is not a guaranteed source of funding at this time. A motion was made to approve by Mr. Woolley and seconded by Mr. Pagliarini.

Passed Unanimously

The Committee moves to go into Executive Session, pursuant to Rhode Island General Law 42-46-5(a)(5) for the specific purpose of discussion or consideration related to the acquisition or lease of real property for public purpose, or of the disposition of publicly held property wherein advanced public information would be detrimental to the interest of the public.

A motion was made to enter into Executive Session by Mr. Griffith and seconded by Mr. Woolley. A roll call vote was taken and the votes were as follows: Mr. Griffith voted "Aye", Mr. Pagliarini voted "Aye", Mr. Woolley voted "Aye" and Chairman Flynn voted "Aye".

The State Properties Committee closed the Executive Session and returned to

the open session of the meeting at 11:09 a.m.

A motion was made to seal the minutes of the Executive Session until such time

as the matter is resolved by Mr. Griffith and seconded by Mr. Woolley.

Passed Unanimously

ITEM E1 – Rhode Island State Police – A request was made for

approval of and signatures on a Sublease Agreement for the lease of office space in the City of Cranston. After discussion in executive session, a motion was made to approve by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

There being no further business to come before the State Properties Committee, the meeting was adjourned at 11:08 a.m. A motion was made to adjourn by Mr. Pagliarini and seconded by Mr. Woolley.

Passed Unanimously

Holly H. Rhodes, Executive Secretary